ABSTRACK

This study aims to analyze the influence of economic growth, poverty, and inflation on income inequality in Indonesia for the period 1992–2022. Income inequality is a development problem that is reflected through the Gini Index and is influenced by the uneven distribution of development results. Although Indonesia experienced relatively stable economic growth after the 1998 crisis, income inequality is still a challenge due to disparities between regions and income groups. This study uses a quantitative approach with time series data to examine the influence of economic growth, poverty, and inflation on income inequality and the relevance of the Kuznets Hypothesis in the Indonesian context. The results of the research are expected to make an empirical contribution to the development of development economics studies and become a consideration in the formulation of inclusive development policies.

The results show that economic growth has a positive and significant effect on income inequality in Indonesia during the period 1992–2022, which is shown by a probability value of 0.040. These findings indicate that an increase in economic growth tends to be followed by an increase in income inequality, so the benefits of economic growth have not been fully evenly distributed. Meanwhile, the quadratic variable of economic growth shows a negative but not statistically significant relationship direction ($p = 0.219$), so it cannot provide strong empirical evidence regarding the applicability of the Kuznets Inverted U-Curve Hypothesis in Indonesia. In addition, poverty rates ($p = 0.837$) and inflation ($p = 0.937$) were not shown to have a significant effect on income inequality. The results of the estimation showed a determination coefficient value (R^2) of 0.2947, which means that 29.47% of the variation in income inequality could be explained by variables in the model, while the rest was influenced by other factors outside the study. Overall, these findings indicate that income inequality in Indonesia is more influenced by economic growth that is not yet fully inclusive than by changes in poverty rates and inflation during the study period.

Keywords: *Economic Growth, Income Inequality, Kuznets Hypothesis.*